ICORE
CONSULTING

Christopher T. Ulmer
Director of Operations

June 26, 2017

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington D.C. 20554

Re: *Connect America Fund,* WC Docket No. 10-90; 2013 FCC Form 481

Dear Ms. Dortch:

ICORE Consulting, on behalf of Kaleva Telephone Company ("the Company") hereby submits to the Commission a copy of the Company's completed Form 481[1]. Certain portions of the Form 481 filing include information that is confidential in nature. Specifically, the section entitled "Rate of Return Carrier Additional Information"[2] should be accorded confidential treatment. Attached please find a statement of the reasons for withholding the redacted materials from public inspection pursuant to 47 CFR § 0.459.

Thank you for your attention to this matter. Should you or any member of the Commission Staff have any questions or comments, please do not hesitate to contact us at your convenience.

Sincerely,

Christopher T. Ulmer

Director of Operations

[1] This filing is required to comply with 47 CFR §§ 54.313 and 54.422(c).
[2] The financial reports section of FCC Form 481 is identified at the Universal Service Administrative Company ("USAC") website as "Section 3005" in the downloadable version and as "Section 3000" in the online filing version at the same USAC website. http://www.usac.org/hc/tools/forms.aspx. The same identical financial information is required in both. The request for confidentiality applies regardless of whether the form filled out employs the 3005 or 3000 designation.

CONFIDENTIALITY REQUEST AND STATEMENT OF JUSTIFICATION IN COMPLIANCE WITH 47 C.F.R. §0459(b)

Kaleva Telephone Company ("Company") is a small, privately held rural local exchange company based in Michigan. The Company requests confidential treatment of certain information being provided to the Commission in its 2017 FCC Form 481. The information is competitively sensitive and its disclosure would have a negative competitive consequence upon the Company were it made publicly available. Such information would not ordinarily be made available to the public and should be afforded confidential treatment under 47 CFR §0.459.

Regulation	Statement of support and compliance with Confidentiality requests
47 CFR §0.459(a)(2)	ICORE Consulting, on behalf of the Company has e-filed, through ECFS, the redacted version and sent via USPS Express Mail the confidential hard copy version (original and one copy) of its 2013 FCC Form 481.
47 CFR §0.459(b)(1)	The Company requests that the documentation required in the section entitled "Rate of Return Carrier Additional Information[3], which consists of the Company's financial reports, income statement, balance sheet and cash flow statement, be accorded confidential treatment. The confidential information has been redacted from the public version with black shading.
47 CFR §0.459(b)(2)	The circumstances giving rise to the submission of this confidential information is set forth in 47 CFR § 54.313 and 47 CFR § 54.422.
47 CFR §0.459(b)(3) and §0.459(b)(4)	The information for which confidentiality is sought is financial in nature, including balance sheet, income statement, and statement of cash flows.
47 CFR §0.459(b)(5)	There is robust competition in the telecommunications market today, including wireless, VoIP providers, and cable television providers to name a few. Financial data such as the amount of cash on hand, amount of debt, and revenue by source are all examples of information that competitors would not receive in the normal course of business.
47 CFR §0.459(b)(6)	The financial information is disclosed only within the Company, and furthermore is only provided (1) members of senior management, or (2) those employees who require this information to perform their jobs.
47 CFR §0.459(b)(7)	The Company has not previously released this information to third parties without the execution of a non-disclosure agreement.
47 CFR §0.459(b)(8)	The Company requests that the information be held by the Commission as confidential indefinitely.

[3] The financial reports section of FCC Form 481 is identified at the Universal Service Administrative Company ("USAC") website as "Section 3005" in the downloadable version and as "Section 3000" in the online filing version at the same USAC website. http://www.usac.org/hc/tools/forms.aspx. The same identical financial information is required in both. The request for confidentiality applies regardless of whether the form filed out employs the 3005 or 3000 designation.

FCC Form 481 - Carrier Annual Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2018
<030>	Contact Name: Person USAC should contact with questions about this data	Christopher Ulmer
<035>	Contact Telephone Number: Number of the person identified in data line <030>	6109283903 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	culmer@icorellc.com
	Form Type	54.313 and 54.422

REDACTED - FOR PUBLIC INSPECTION

(200) Service Outage Reporting (Voice)
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com

<210> For the prior calendar year, were there any reportable voice service outages? No

<220>

<a> NORS Reference Number	<b1> Outage Start Date	<b2> Outage Start Time	<b3> Outage End Date	<b4> Outage End Time	<c1> Number of Customers Affected	<c2> Total Number of Customers	<d> 911 Facilities Affected (Yes / No)	<e> Service Outage Description (Check all that apply)	<f> Did This Outage Affect Multiple Study Areas (Yes / No)	<g> Service Outage Resolution	<h> Preventative Procedures

REDACTED - FOR PUBLIC INSPECTION

(300) Unfulfilled Service Request
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com

<300> Unfulfilled service request (voice) NA

<310> Detail on attempts (voice)

Name of Attached Document

<320> Unfulfilled service request (broadband) NA

<330> Detail on attempts (broadband)

Name of Attached Document

(400) Number of Complaints per 1,000 customers Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed voice
<410>	Complaints per 1000 customers for fixed voice	0.0
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed broadband
<440>	Complaints per 1000 customers for fixed broadband	0.0
<450>	Complaints per 1000 customers for mobile broadband	

REDACTED - FOR PUBLIC INSPECTION

(500) Compliance With Service Quality Standards and Consumer Protection Rules
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	310703MI510.pdf
<515>	Certify compliance with applicable minimum service standards	

REDACTED - FOR PUBLIC INSPECTION

(600) Functionality in Emergency Situations Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com
<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	310703MI610.pdf

REDACTED - FOR PUBLIC INSPECTION

(700) Price Offerings including Voice Rate Data
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com

<701>	Residential Local Service Charge Effective Date	1/1/2017
<702>	Single State-wide Residential Local Service Charge	

<703>

<a1> State	<a2> Exchange (ILEC)	<a3> SAC (CETC)	<b1> Rate Type	<b2> Residential Local Service Rate	<b3> State Subscriber Line Charge	<b4> State Universal Service Fee	<b5> Mandatory Extended Area Service Charge	<c> Total per line Rates and Fees
				-- See attached worksheet --				

REDACTED - FOR PUBLIC INSPECTION

(710) Broadbrand Price Offerings
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com

<711>

<a1> State	<a2> Exchange (ILEC)	<b1> Residential Rate	<b2> State Regulated Fees	<c> Total Rate and Fees	<d1> Broadband Service - Download Speed (Mbps)	<d2> Broadband Service - Upload Speed (Mbps)	<d3> Usage Allowance (GB)	<d4> Usage Allowance Action Taken When Limit Reached {*select* }

-- See attached worksheet --

REDACTED - FOR PUBLIC INSPECTION

(800) Operating Companies
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com

<810>	Reporting Carrier	Kaleva Telephone Company
<811>	Holding Company	Not Applicable
<812>	Operating Company	Kaleva Telephone Company

<813>

<a1>	<a2>	<a3>
Affiliates	**SAC**	**Doing Business As Company or Brand Designation**

REDACTED - FOR PUBLIC INSPECTION

(900) Tribal Lands Reporting
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com

<900> Does the filing entity offer tribal land services? (Y/N) No

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes,No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

		Select Yes or No or Not Applicable
<921>	Needs assessment and deployment planning with a focus on Tribal community anchor institutions.	
<922>	Feasibility and sustainability planning;	
<923>	Marketing services in a culturally sensitive manner;	
<924>	Compliance with Rights of way processes	
<925>	Compliance with Land Use permitting requirements	
<926>	Compliance with Facilities Siting rules	
<927>	Compliance with Environmental Review processes	
<928>	Compliance with Cultural Preservation review processes	
<929>	Compliance with Tribal Business and Licensing requirements.	

(1000) Voice and Broadband Service Rate Comparability
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com

<1000> Voice services rate comparability certification — Yes

<1010> Attach detailed description for voice services rate comparability compliance — 310703MI1010.pdf

Name of Attached Document

<1020> Broadband comparability certification — Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau

<1030> Attach detailed description for broadband comparability compliance

Name of Attached Document

(1100) No Terrestrial Backhaul Reporting
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com

<1100> Certify whether terrestrial backhaul options exist (Y/N) — Yes

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

(1200) Terms and Condition for Lifeline Customers
Lifeline
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com

<1210> Terms & Conditions of Voice Telephony Lifeline Plans — 310703MI1210.pdf

Name of Attached Document

<1220> Link to Public Website — HTTP www.kaltelnet.net

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☑

<1222> Details on the number of minutes provided as part of the plan, ☑

<1223> Additional charges for toll calls, and rates for each such plan. ☑

REDACTED - FOR PUBLIC INSPECTION

(2005) Price Cap Carrier Additional Documentation
Data Collection Form
Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
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<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

<2011> 3rd Year Certification 47 CFR §54.313(b)(1)(ii) - Note that for the July 2017 certification, this applies to Round 2 recipients of Incremental Support.

<2022> Recipient certifies, representing year three after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.

<2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year three - 54.313(b)(2)(ii). Round 2 recipients only.

<2024A> Round 2 Recipient of Incremental Support?

<2024B> Attach list of census blocks indicating where funding was spent in year three - 54.313(b)(2)(ii). Round 2 recipients only. — Name of Attached Document Listing Required Information

<2025A> Round 2 Recipient of Incremental Support?

<2025B> Attach geocoded Information for Phase I milestone reports (Round 2 for year three) - Connect America Fund , WC Docket 10-90, Report and Order, FCC 13-73, paragraph 35 (May 22, 2013). — Name of Attached Document Listing Required Information

<2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)

REDACTED - FOR PUBLIC INSPECTION

(2005) Price Cap Carrier Additional Documentation
Data Collection Form
Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

<2016> Certification support used to build broadband

Connect America Phase II Reporting {47 CFR § 54.313(e)}

<2017A> Connect America Fund Phase II recipient?

<2017C> Total amount of Phase II support, if any, the price cap carrier used for capital expenditures in 2016.

<2018> Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(1)(ii)(A)

Name of Attached Document Listing Required Information

<2019> Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(1)(ii)(C)

(3005) Rate Of Return Carrier Additional Documentation
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	310703
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<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
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<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com

Select from the drop down menu or check the boxes below to note compliance with 54.313(f)(1). Privately held carriers must ensure compliance with the financial reporting requirements set forth in 47 CFR 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3009)	Progress Report on 5 Year Plan Carrier certifies to 54.313(f)(1)(iii)		Not Applicable - No Attachment Required
(3010A)	Certification of Public Interest Obligations {47 CFR § 54.313(f)(1)(i)}		
(3010B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3012A)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}	No - No New Community Anchors	
(3012B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3013)	Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}	(Yes/No)	◉ Yes ○ No
(3014)	If yes, does your company file the RUS annual report	(Yes/No)	○ Yes ◉ No
	Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:		
(3015)	Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)		☐
(3016)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		☐
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information	
(3018)	If the response is no on line 3014, is your company audited?	(Yes/No)	○ Yes ◉ No
	If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:		
(3019)	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		☐
(3020)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows		☐
(3021)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.		☐
	If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:		
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		✔
(3023)	Underlying information subjected to a review by an independent certified public accountant		✔
(3024)	Underlying information subjected to an officer certification.		✔
(3025)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		✔
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information	310703MI3026.pdf

REDACTED - FOR PUBLIC INSPECTION

(3005) Rate Of Return Carrier Additional Documentation (Continued)

Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
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<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
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<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com

Financial Data Summary

(3027) Revenue	[redacted]	
(3028) Operating Expenses		
(3029) Net Income		
(3030) Telephone Plant In Service(TPIS)		
(3031) Total Assets		
(3032) Total Debt		
(3033) Total Equity		
(3034) Dividends		

REDACTED - FOR PUBLIC INSPECTION

Name of Attached Document Listing Required Information

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
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<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com

4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)
Please address Line 4001 regarding compliance with the Commission's public interest obligations. All RBE participants must provide a response to Line 4001.

4001. Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

Community Anchor Institutions – FCC 14-98 (paragraph 79)

4003a. RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

4003b. Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year. — Name of Attached Document Listing Required Information ____________________

Broadband Deployment Locations – FCC 14-98 (paragraph 80)

4004a. Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481. — Name of Attached Document Listing Required Information ____________________

4004b. Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area. — Name of Attached Document Listing Required Information ____________________

REDACTED - FOR PUBLIC INSPECTION

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013

<010>	Study Area Code	310703
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<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients

I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.

Name of Reporting Carrier:

Signature of Authorized Officer: Date

Printed name of Authorized Officer:

Title or position of Authorized Officer:

Telephone number of Authorized Officer:

Study Area Code of Reporting Carrier: Filing Due Date for this form:

Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier

I certify that (Name of Agent) ICORE Consulting, LLC **is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.**

Name of Authorized Agent: ICORE Consulting, LLC
Name of Reporting Carrier: KALEVA TEL CO
Signature of Authorized Officer: CERTIFIED ONLINE Date: 06/28/2017
Printed name of Authorized Officer: Jon Cribbs
Title or position of Authorized Officer: President
Telephone number of Authorized Officer: 2313623111 ext.
Study Area Code of Reporting Carrier: 310703 Filing Due Date for this form: 07/03/2017

Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier

I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.

Name of Reporting Carrier: KALEVA TEL CO
Name of Authorized Agent Firm: ICORE Consulting, LLC
Signature of Authorized Agent or Employee of Agent: CERTIFIED ONLINE Date: 06/28/2017
Name of Authorized Agent Employee: Christopher Ulmer
Title or position of Authorized Agent or Employee of Agent Director of Operations
Telephone number of Authorized Agent or Employee of Agent: 6109283903 ext.
Study Area Code of Reporting Carrier: 310703 Filing Due Date for this form: 07/03/2017

Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.

Attachments

(700) Price Offerings including Voice Rate Data
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com

<701>	Residential Local Service Charge Effective Date	1/1/2017
<702>	Single State-wide Residential Local Service Charge	

<703>

<a1>	<a2>	<a3>	<b1>	<b2>	<b3>	<b4>	<b5>	<c>
State	Exchange (ILEC)	SAC (CETC)	Rate Type	Residential Local Service Rate	State Subscriber Line Charge	State Universal Service Fee	Mandatory Extended Area Service Charge	Total per line Rates and Fees
[redacted]								

REDACTED - FOR PUBLIC INSPECTION

(710) Broadband Price Offerings
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com

<711>

<a1>	<a2>	<b1>	<b2>	<c>	<d1>	<d2>	<d3>	<d4>
State	**Exchange (ILEC)**	**Residential Rate**	**State Regulated Fees**	Total Rates and Fees	**Broadband Service - Download Speed (Mbps)**	Broadband Service -Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance Action Taken When Limit Reached {select}
[redacted]								

KALEVA TELEPHONE COMPANY

REVIEWED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Maner Costerisan
Certified Public Accountants
Business & Technology Advisors

CONTENTS

Maner Costerisan
Certified Public Accountants
Business & Technology Advisors

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Board of Directors
Kaleva Telephone Company

We have reviewed the accompanying financial statements of Kaleva Telephone Company (a corporation and a wholly owned subsidiary of Kaltelco, Inc.), which comprise the balance sheets as of December 31, 2016 and 2015, and related statements of income and comprehensive income, changes in stockholder's equity and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Maner Costerisan PC

July 1, 2017

	2016	2015
ASSETS		
CURRENT ASSETS:	[redacted]	
Cash and cash equivalents		
Due from subscribers		
Accounts receivable - affiliate		
Accounts receivable - access carriers		
Accounts receivable - other		
Inventory		
Deferred federal income taxes - current		
Prepaid expenses		
Total current assets		
INVESTMENTS AT FAIR VALUE		
PLANT, PROPERTY AND EQUIPMENT:		
Plant in service		
Less accumulated depreciation		
Net plant, property and equipment		
TOTAL ASSETS		

	2016	2015
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES:	[redacted]	
Accounts payable - trade		
Accounts payable - access carriers		
Total current liabilities		
NON-CURRENT LIABILITIES:		
Deferred state income taxes		
Deferred federal income taxes		
Total non-current liabilities		
Total liabilities		
STOCKHOLDER'S EQUITY:		
Capital stock, [redacted] stated value, [redacted] shares authorized, issued and outstanding [redacted] shares		
Retained earnings		
Accumulated other comprehensive loss		
Total stockholder's equity		
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY		

	2016	2015
OPERATING REVENUES:	[redacted]	
Local service		
Access revenue		
Miscellaneous		
Bad debt expense		
Total operating revenues		
OPERATING EXPENSES:		
Plant specific		
Plant non-specific:		
Network and other		
Depreciation		
Customer operations		
Corporate operations		
Total operating expenses		
Net operating revenue		
OPERATING TAXES:		
Federal income taxes		
State income taxes		
Other operating taxes		
Total operating taxes		
Net operating income		
OTHER INCOME (EXPENSE):		
Interest income		
Interest expense		
Other income (expenses), net		
Non-operating federal income tax benefit		
NET INCOME		
OTHER COMPREHENSIVE INCOME:		
Unrealized loss on securities		
OTHER COMPREHENSIVE INCOME BEFORE TAXES		
Income tax benefit related to other comprehensive loss		
TOTAL COMPREHENSIVE INCOME		

	Capital stock	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balance at January 1, 2015	[redacted]			
Comprehensive income - Unrealized loss on securities (net of tax)				
Net income				
Dividends declared				
Balance at December 31, 2015				
Comprehensive income - Unrealized loss on securities (net of tax)				
Net income				
Balance at December 31, 2016				

	2016	2015
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:		
Cash flows from operating activities:	[redacted]	
Net income		
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation		
Provisions for deferred taxes		
Reinvested interest on investments		
Changes in operating assets and liabilities:		
Accounts receivable		
Inventories and prepaid expenses		
Accounts payable and other current liabilities		
Total adjustments		
Net cash flows provided (used) by operating activities		
Cash flows from investing activities:		
Purchases of plant, property and equipment		
Proceeds from sale of plant, property and equipment		
Proceeds from sale of investments		
Net cash provided (used) by investing activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS, beginning of year		
CASH AND CASH EQUIVALENTS, end of year		

NOTE 1 - SUMMARY OF SIGNFICANT ACCOUNTING POLICIES

Accounting method **-** Kaleva Telephone Company (the Company) maintains the accounting records on the accrual basis for both financial statement and income tax purposes. Revenue is recorded when earned and expenses are charged to operations when incurred. The accounting records of the Company are maintained in accordance with the Uniform System of Accounts for Class A and B Telephone Companies prescribed by the Michigan Public Service Commission, which conform to accounting principles generally accepted in the United States of America (US GAAP).

Cash and cash equivalents **-** The Company considers all highly liquid instruments with a maturity of three months or less to be cash equivalents. Those investments with original maturities of over three months to twelve months are classified as temporary investments. There were no temporary investments for 2016 and 2015.

Accounts receivable **-** Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Due from subscribers is presented net of the allowance for doubtful accounts of [redacted] and [redacted] at December 31, 2016 and 2015, respectively. Accounts receivable **-** access carriers is presented net of the allowance for doubtful accounts of [redacted] and [redacted] at December 31, 2016 and 2015, respectively. No allowance for doubtful accounts was determined to be necessary for all other accounts receivable. The Company's estimate is based on historical collection experience and a review of the current status of accounts receivable.

Plant, property and equipment **-** Purchases of plant, property and equipment are recorded at cost and depreciated utilizing the straight-line method for financial reporting purposes by the application of class or overall composite rates, based on the estimated service lives of the various classes of depreciable property. The composite depreciation rate was 3.6% for the years ended December 31, 2016 and 2015. When telephone plant is retired, its cost is removed from the asset account and charged against the depreciation reserve together with any related salvage and removal of costs. No gains or losses are recognized in connection with routine retirements of depreciable property. The cost of repairs and maintenance are charged to expense when incurred. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected future cash flow from the use of the asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized and measured using the asset's fair value.

NOTE 1 - SUMMARY OF SIGNFICANT ACCOUNTING POLICIES (Concluded)

Inventory - Inventory consists of materials and supplies for additions and maintenance of the plant and telephone equipment for resale. Inventory is valued at the lower of cost or market value.

Investments - Substantially all of the Company's investments in common stock securities have been classified as available-for-sale. Available-for-sale securities are carried at fair value with the gross unrealized holding gains and losses, net of tax, reported in a separate component of stockholder's equity. Realized gains and losses are generally determined using the specific identification method.

Taxes collected - Sales, use and excise taxes collected from subscribers are presented on a net basis.

Advertising - It is the policy of the Company to expense all advertising costs as incurred.

Income taxes - The Company recognizes the difference between the financial statements and tax basis of assets and liabilities which is determined annually. Deferred income tax assets and liabilities are computed for those differences that have future tax consequences using the currently enacted tax laws and rates that apply to the periods in which they are expected to affect taxable income. Valuation allowances are established, if necessary, to reduce deferred tax assets to the amount that is estimated to be realized. Income tax expense is the current tax payable or refundable, for the period, net of any change in deferred tax asset and liabilities.

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES

Kaleva Telephone Company is a wholly owned subsidiary of Kaltelco, Inc. The Company's major business activity is providing local telephone exchange service and access to the public switched telephone network in Manistee County in the State of Michigan. Approximately, [redacted] and [redacted] of the Company's operating revenue is received from access revenue from interexchange carriers for the years ended December 31, 2016 and 2015, respectively.

The Company's cash accounts are subject to the Federal Deposit Insurance Corporation (FDIC) insurance limit of $250,000. At various times during the year the Company's cash account balances may exceed this amount in the normal course of business. At December 31, 2016, cash account balances exceeded this limit by approximately [redacted]. Other investments are not covered by FDIC insurance.

The Company grants credit to customers, substantially all of whom are local residents. Additionally, the Company grants credit to interexchange carriers for access to the public switched telephone network. These trade receivables are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus trade receivables do not bear interest, and the Company does not apply a finance charge to past due receivables. Additionally, the Company generally does not hold financial instruments with off-balance-sheet credit risk.

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES (Concluded)

The Company rarely requires collateral from either its customers or telecommunications providers. Accordingly, failure to collect on these accounts would result in a direct loss of the amounts uncollected.

Compensation for interstate access services was received through tariffed access charges filed by the National Exchange Carrier Association (NECA) with the Federal Communications Commission (FCC) on behalf of the member companies. These access charges are billed by the Company to the interstate interexchange carriers, and pooled with like revenues from all NECA member companies. The portion of the pooled access charge revenue received by the Company is based upon formulas derived from the national averages of costs to provide access services. The Company recorded true-ups of prior years' estimated access settlements that had the effect of a decrease in revenues by [redacted] for 2016 and 2015, respectively.

Intrastate access revenue is based on charges billed under the Company's intrastate access revenue tariff. These revenues are dependent upon actions of interexchange carriers over which the Company has no control. It is possible that changes could occur that would cause a significant impact on the Company's future revenues.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to collectability of receivables, access revenue settlement amounts, depreciable lives of plant, property and equipment, deferred tax assets and liabilities, and events as of the date of the financial statements. Accordingly, actual results may differ from estimated amounts.

In the preparation of tax returns, tax positions are taken based on interpretation of federal, state, and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal and state returns generally remain open for examination by taxing authorities for a period of three and four years.

The Company evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through July 1, 2017, which is the date the financial statements were available to be issued.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

At December 31, 2016 and 2015, the Company's investments consisted of commons stock securities, held at fair value, in the amount of [redacted], respectively.

The Company is required to disclose amounts within a framework established for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016 and 2015.

Common stocks: Valued at the closing price as reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Concluded)

The Company's fair-value investments consist of the following as of December 31:

	Level 1: Quoted prices in active markets for identical assets	**Level 2:** Significant other observable inputs	**Level 3:** Significant unobservable inputs	Total
2016	[redacted]			
Common stocks				
2015				
Common stocks				

The historical cost and fair value of investments as at December 31, were:

	2016	2015
Fair value investments at cost	[redacted]	
Gross unrealized holding losses		
Total aggregate fair value		

NOTE 4 - COMPREHENSIVE INCOME

The components of other comprehensive income, such as unrealized gains (losses) on securities, are required to be added to the Company's reported net income, net of tax to arrive at comprehensive income. Other comprehensive income items have no impact on the reported net income as presented on the statements of income and comprehensive income.

The unrealized holding loss on securities included in other comprehensive income was [redacted], net of tax benefit of [redacted], at December 31, 2016, and [redacted], net of tax benefit of [redacted] at December 31, 2015.

There were no reclassification adjustments out of accumulated other comprehensive income for individual components of other comprehensive income for both 2016 and 2015.

NOTE 5 - PLANT, PROPERTY AND EQUIPMENT

Plant in service is summarized as follows at December 31, 2016 and 2015:

	2016	2015
Land and buildings	[redacted]	
General support		
Central office equipment		
Circuit equipment		
Cable and wire facilities		
Total plant in service		

NOTE 6 - INCOME TAXES

For income tax purposes, the Company is included in the federal consolidated and state combined tax returns with its parent, Kaltelco, Inc. For financial reporting purposes, income taxes are computed and recorded as if the Company filed separate income tax returns, except that: (i) in the event the Company generates a net tax loss which is utilized in Kaltelco, Inc.'s returns, the Company will be given the benefit of such loss, (ii) federal income taxes are calculated based upon the statutory tax rate in effect for Kaltelco, Inc. and its subsidiary on a consolidated basis, and (iii) state income taxes are calculated based upon the taxes in effect for Kaltelco, Inc. and its subsidiary on a combined basis.

Deferred income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the financial statement and tax basis of assets and liabilities at the applicable enacted tax rates. Temporary differences giving rise to the deferred tax liabilities and assets consist primarily of the difference in treatment for tax purposes versus the treatment for financial reporting purposes for depreciation and investments.

NOTE 6 - INCOME TAXES (Continued)

Total provisions charged to expense for the years ended December 31, 2016 and 2015 are summarized as follows:

	2016	2015
Federal income taxes (benefit):	[redacted]	
Current		
Deferred		
Federal income taxes		
State income taxes (benefit):		
Current		
Deferred		
State income taxes		
Other taxes:		
Ad valorem		
Miscellaneous		
Net income and other taxes		

Total federal income tax expense, divided by the sum of such tax expense and net income, results in an effective tax rate of approximately [redacted] for both 2016 and 2015. The difference between the Company's federal effective income tax rate and the federal statutory rate is primarily a result of permanently nondeductible expenses for tax purposes and adjustments to prior year tax accruals.

The Company periodically settles amounts owed to Kaltelco, Inc. for income taxes. For the years ended December 31, 2016, a federal and state income tax expenses were recorded as a payables to Kaltelco, Inc. in the amount of [redacted], respectively and for the year ended December 31, 2015, federal and state income tax expenses were recorded as payables to Kaltelco, Inc. in the amount of [redacted] respectively.

NOTE 6 - TAXES (Concluded)

The net deferred tax liabilities consist of the following:

	2016	2015
Deferred tax liabilities:	[redacted]	
Non-current - depreciation		
Deferred tax assets:		
Non-current - fair market adjustment on investments		
Current - allowance on bad debts		
Total deferred tax assets		
Net deferred tax (asset) liability		

Deferred taxes were calculated using the federal and state statutory rates of [redacted], respectively. Management has evaluated all deferred tax assets as of December 31, 2016 and determined the Company will be able to fully utilize all of the deferred tax assets in future years. Therefore, no valuation adjustment was recorded to reduce deferred tax assets for 2016 and 2015, respectively.

NOTE 7 - PENSION

The Company sponsors a defined contribution plan pursuant to Internal Revenue Code Section 401(k). The Company matches the employee's elective deferral up to [redacted] of eligible salary. The expense for this plan for 2016 and 2015 was [redacted], respectively.

NOTE 8 - RELATED PARTY TRANSACTIONS

The Company engages in various transactions with its parent, Kaltelco, Inc. The Company had the following related party transactions during 2016 and 2015.

	2016	2015
Due from Kaltelco, Inc., beginning of year	[redacted]	
Allocations of labor and benefits		
Expenses paid on behalf of Kaltelco, Inc.		
Cash payments, net billings due to Kaltelco, Inc.		
Dividends declared		
Allocation of federal and state tax expense		
Due from Kaltelco, Inc., end of year		

NOTE 9 - SUPPLEMENTAL CASH FLOW ITEMS

All federal and state income taxes are paid by the Company's parent corporation. The Company paid, on a cash basis, interest in the amount of [redacted] in 2016 and 2015, respectively. Additionally, non-cash investing and financing activities consisted of dividends declared included in accounts receivable from affiliate of [redacted] for 2015.

NOTE 10 - CONTINGENCIES

The Company was named as a defendant in legal actions brought by Sprint Communications Company, L.P. (Sprint) and Verizon Select Services Inc. (Verizon) which allege that the Company had been erroneously billing them with respect to a certain type of toll traffic. Sprint was requesting refunds of approximately [redacted] from previous years. The case was consolidated with numerous similar suits throughout the country in the Northern District in Texas. In an order dated November 17, 2015, the Northern District of Texas Court granted the defendants joint motion to dismiss but permitted Sprint and Verizon in the case to re-plead their state-law claims. On December 22, 2015, Sprint and Verizon filed a motion asking the Court to designate the November 17, 2015 ruling dismissing the federal claims as a "final judgement" which would render those issues ripe for an immediate appeal. The court denied that motion. Sprint refiled its state law claims on May 16, 2016. The Company joined other Local Exchange Carriers in filing a motion to strike or dismiss those claims on June 30, 2016. The court has not yet ruled on that motion. In the latter part of 2016, the parties engaged in limited discovery on the issue of how much Sprint and Verizon are claiming in damages. As it stands, that limited discovery has concluded as it pertains to the Company. The Company intends to vigorously oppose this. Management is not able to predict the outcome of this litigation or estimate the amount or range of potential loss.

On March 23, 2017 the Company received notification from AT&T they had been improperly billing AT&T for certain tandem switching and transport services for the past two years. AT&T is claiming the Company was overpaid in the amount of [redacted] and is now seeking reimbursement of the overpayment. Beginning with the Company's March 2017 billing, AT&T is withholding payment for the disputed amounts. The Company's management responded to AT&T's letter requesting documentation from AT&T to evaluate the merits of their claim. At this time the Company has retained legal counsel and it is unknown what the outcome will be. No liability has been recorded to AT&T in regard to this matter as of December 31, 2016.

In the normal course of business, the Company is involved in various legal actions. Although the ultimate resolution of these matters may not be determinable, in the opinion of management, in consultation with legal counsel, the outcome of these actions is not expected to have a material adverse impact on the Company's financial position.